

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.**BATON ROUGE, LOUISIANA****FINANCIAL STATEMENTS****JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/5/11

F. C. SCHNEIDER, CPA, LLC*A Public Accounting Firm*

Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Baton Rouge Community College Foundation, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statements of financial position of Baton Rouge Community College Foundation, Inc. as of June 30, 2010, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Community College Foundation, Inc. at June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

J. C. Schneider, CPA, LLC

August 13, 2010

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 10,742
Cash and cash equivalents - restricted	220,817
Investments, at fair value	433,408
Pledge receivable	8,000

TOTAL ASSETS	<u><u>\$ 672,967</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,056
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LONG-TERM LIABILITIES

Funds held in custody	244,517
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TOTAL LIABILITIES	<u><u>245,573</u></u>
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NET ASSETS

Unrestricted	15,001
Temporarily restricted	198,058
Permanently restricted	214,335

TOTAL NET ASSETS	<u><u>427,394</u></u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 672,967</u></u>
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See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES				
Contributions	\$ 27,978	\$ 59,953	\$ -	\$ 87,931
Fundraising revenues	539	2,300	-	2,839
Donated services and facilities	9,286	-	-	9,286
Dividends and interest income	180	12,283	-	12,463
Unrealized gains	-	3,167	-	3,167
Changes in net asset restrictions:				
Released from restrictions	71,479	(71,479)	-	-
	<u>109,462</u>	<u>6,224</u>	<u>-</u>	<u>115,686</u>
EXPENSES				
Fundraising expenses	1,517	-	-	1,517
Scholarships	30,016	-	-	30,016
Institutional support	40,932	-	-	40,932
Management and general expenses	45,020	-	-	45,020
	<u>117,485</u>	<u>-</u>	<u>-</u>	<u>117,485</u>
Changes in net assets	(8,023)	6,224	-	(1,799)
NET ASSETS				
Beginning of year	23,024	191,834	214,335	429,193
End of year	<u>\$ 15,001</u>	<u>\$ 198,058</u>	<u>\$ 214,335</u>	<u>\$ 427,394</u>

See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (1,799)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Unrealized gain on investments	(3,167)
Changes in operating assets and liabilities:	
Accounts payable	(7,944)
	<u>(12,910)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	77,000
Purchase of investments	(74,734)
	<u>2,266</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Receipt of endowment pledge	8,000
	<u>8,000</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (2,644)

CASH AND CASH EQUIVALENTS

Beginning of the year	234,203
End of the year	<u>\$ 231,559</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents, unrestricted	\$ 10,742
Cash and cash equivalents, restricted	220,817
	<u>\$ 231,559</u>

DISCLOSURE OF NON-CASH ITEMS

In-kind donations to the Foundation	<u>\$ 9,286</u>
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See accompanying notes

BATON ROUGE COMMUNITY COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2010

A: SIGNIFICANT ACCOUNTING POLICIES

Organization and operations:

Baton Rouge Community College Foundation, Inc. (the Foundation) is a nonprofit corporation organized under the laws of the State of Louisiana on April 16, 1998 for the purpose of raising funds to support programs and activities designed to advance, promote, or otherwise benefit Baton Rouge Community College (the College). The Foundation is supported primarily through contributions from the Greater Baton Rouge Area.

Financial statement presentation:

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are described as follows:

Unrestricted Net Assets are net assets that are not subject to donor-imposed stipulations and are available for use at the Foundation's discretion.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the Foundation maintains the contribution permanently. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment valuation and income recognition:

Financial Accounting Standards Board Statement No. 157, Fair Value Measurements, (FASB 157), establishes a framework for measuring fair value through a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 157 are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Foundation's investments are stated at fair value. Shares of registered investment companies are valued at the net asset value of such investments held by the Foundation at year end.

Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. Investment earnings are recorded net of related management fees.

Promises to give:

The Foundation reports contributions received as unrestricted, temporarily restricted or permanently restricted depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets.

Receivables:

Management believes that receivables as reflected in the accompanying financial statements are collectible in full therefore no allowance has been recorded.

A: SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax-exempt status:

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Funds held in custody:

Under agreements with the Louisiana Community and Technical College System and the College the Foundation manages and holds for deposit state matching funds for endowed professorships for the College.

Advertising:

The Foundation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense amounted to \$447 during the year.

B: INVESTMENTS

All investments are restricted at June 30, 2010 and are as follows:

	Cost	Market
Certificates of deposit	\$ 295,000	\$ 295,000
Mutual funds	202,976	138,408
	<u>\$ 497,976</u>	<u>\$ 433,408</u>

The investment return for the year ended June 30, 2010 is as follows:

Interest and dividends	\$ 12,283
Unrealized gains	3,167
	<u>\$ 15,450</u>

The total return on investments was net of \$5,295 in management fees for the year ended June 30, 2010.

As of June 30, 2010, the fair value hierarchy of the Foundation's investments was as follows:

	Level 1	Level 2	Level 3
Certificates of deposit	\$ 295,000	\$ -	\$ -
Mutual funds	138,408	-	-
Total investment at fair value	<u>\$ 433,408</u>	<u>\$ -</u>	<u>\$ -</u>

C: NET ASSETS

Temporarily restricted net assets at June 30, 2010 are available for grants to support the College in the following areas:

Professorships	\$ 1,352
Scholarships	83,345
Specific academic projects	45,991
Capital outlay and improvements	57,416
BRCC Alumni department	1,844
BRCC Athletics department	1,228
Institutional support	6,882
	<u>\$ 198,058</u>

Permanently restricted net assets at June 30, 2010 are restricted to investment in perpetuity, the income from which is expendable to support the activities below:

Professorships	\$ 200,000
Scholarships	14,335
	<u>\$ 214,335</u>

Net assets released from restrictions by incurring program related expenses were as follows:

Scholarships	\$ 29,516
Specific academic projects	12,711
BRCC Alumni department	1,684
BRCC Athletics department	722
Institutional support	26,846
	<u>\$ 71,479</u>

D: ENDOWMENTS

The Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. Earnings or losses from donor-restricted endowment fund investments are classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

Return objectives:

The long-term investment objective is to maintain the purchasing power of the endowment assets while funding current obligations. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices weighted in proportion to

D: ENDOWMENTS (Continued)

an asset allocation policy. Adequate liquidity shall be maintained to provide distributions as stipulated in the endowment agreement.

To satisfy the long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both market appreciation (realized and unrealized), and interest and dividends. The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. At June 30, 2010, the Foundation invests in a portfolio of certificates of deposits, mutual funds and cash and/or money market accounts.

Spending policy:

The Foundation follows the Louisiana Board of Regents Investment Policy regarding Endowed Professorships. It is recognized that in order to preserve the purchasing power of endowment assets, the long-term average of spending should be no greater than the long-term real total return of the fund. Annual spending of up to 5% of the market value of the endowment assets averaged on a consistent basis for the 5 most recent trust fund years is allowed, provided that the market value of the endowment assets at the end of the most recent fiscal year exceeds the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal year for which a spending allocation is to be made. When the current market value of endowment assets is below the original corpus of the endowment, no spending is allowed.

The table below represents the endowment related activity for the fiscal year ending June 30, 2010:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ (1,390)	\$ 214,335	\$ 212,945
Investment return:			
Investment income	8,024	-	\$ 8,024
Net appreciation (realized and unrealized)	3,167	-	\$ 3,167
Total investment return	11,191	-	11,191
Contributions	-	-	-
Distributions	(1,000)	-	(1,000)
Endowment net assets, end of year	<u>\$ 8,801</u>	<u>\$ 214,335</u>	<u>\$ 223,136</u>

E: PLEDGE RECEIVABLE

Pledge receivable at June 30, 2010 consisted of one pledge from a donor in the amount of \$8,000 due in August 2010 for an endowed professorship.

F: RELATED PARTIES

The College provides the Foundation with facilities and administrative personnel free of charge. The value of these services was approximately \$9,286 during the year.

G: CONCENTRATION OF CREDIT RISK

The Foundation has concentrated its credit risk for cash by maintaining deposits in a financial institution in Baton Rouge, Louisiana. As of June 30, 2010, the Foundation's deposits were covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC).

Approximately 94% of the pledges receivable at June 30, 2010 is from one donor.

H: RESTATEMENT OF BEGINNING NET ASSETS

Beginning temporarily restricted and permanently restricted net assets were increased by \$1,892 and \$5,735, respectively, while unrestricted net assets were decreased by \$7,627 resulting in no net change in total net assets.

I: SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 13, 2010, the date the financial statements were available to be issued.